

## Message Text

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15

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 STR-08 L-03 DODE-00

PA-04 USIA-15 PRS-01 SAM-01 DRC-01 /121 W

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R 010142Z MAR 74

FM AMEMBASSY TAIPEI

TO AMEMBASSY SEOUL

INFO SECSTATE WASHDC 1068

AMEMBASSY TOKYO

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

AMCONSUL HONG KONG

UNCLAS TAIPEI 1246

E.O. 11652: N/A

TAGS: EGEN, BGEN, TW

SUBJECT: HOST COUNTRY POLICIES RELATING TO FOREIGN INVESTMENT-  
ELECTRONICS INDUSTRY

REF : SEOUL 1154, TAIPEI 120

1. THE MINISTRY OF ECONOMICS IS PRESENTLY REVISING THE  
"STATUTE FOR ENCOURAGEMENT OF INVESTMENT". THE REVISED  
STATUTE IS SCHEDULED FOR RELEASE BY MID-MARCH. THE GENERAL  
INTENT IS TO ENCOURAGE FOREIGN INVESTMENT IN MORE  
SOPHISTICATED, CAPITAL-INTENSIVE INDUSTRIES BY CONTINUING  
TO GRANT TAX HOLIDAYS AND OTHER PRIVILEGES TO A REDUCED  
NUMBER OF CATEGORIES.

2. FOREIGN INVESTMENT IN ELECTRONICS, WITH EXCEPTION OF  
PHONOGRAPHS AND BLACK/WHITE TVs, WILL CONTINUE TO BE GRANTED  
INCENTIVES (FIVE YEAR TAX HOLIDAY OR ACCELERATED  
DEPRECIATION, EXEMPTION FROM PAYING IMPORT DUTIES  
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IF PRODUCTS ARE MANUFACTURED FOR EXPORT, ETC.). HOWEVER,

CAPITAL REQUIREMENTS WILL BE RAISED ON ORIGINAL INVESTMENTS FROM 100 TO 150 MILLION NT DOLLARS (FOR EXPORT ONLY FROM 50 TO 100 MILLION NT DOLLARS), AND FOR INVESTMENTS IN COMPUTERS, SEMI-CONDUCTORS AND TESTING INSTRUMENTS FROM 10 TO 30 MILLION NT DOLLARS. (EXCHANGE RATE NOW IS US\$1 EQUALS NT\$38.)

3. FOREIGN INVESTMENTS IN THE AREA OF PURE ASSEMBLY, PARTICULARLY IF NO NEW TECHNOLOGY IS IMPORTED, ARE DISCOURAGED IN PRINCIPAL BUT WITH EXCEPTIONS OF PHONOGRAPHS AND B/W TVs, OTHER ASSEMBLY OPERATIONS, SUCH AS TAPE RECORDERS, WILL CONTINUE TO BE ELIGIBLE TO RECEIVE INCENTIVES.

4. FOR CHANGES IN TAX PROVISIONS OF THE FOREIGN INVESTMENT STATUTE WHICH APPLIES TO ALL TYPES OF INVESTMENTS, SEE TAIPEI 120. WE ALSO ARE AIR POUCHING A COPY OF THE CURRENT STATUTE FOR ENCOURAGEMENT OF INVESTMENT AND THE TAX AMENDMENTS.

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
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**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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